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C O N F I D E N T I A L SECTION 01 OF 02 ROME 001723

SIPDIS

DEPT FOR EUR/WE AND EUR/RPM

E.O. 12958: DECL: 04/05/2012

TAGS: IT PREL RS PREL RS NATO MEPPIT NATO MEPP
SUBJECT: READOUT OF BERLUSCONI-PUTIN SUMMIT

REF: STATE 43835

CLASSIFIED BY: POL MC TOM COUNTRYMAN. REASON:1.5 (B)(D)

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 11. (C) ON APRIL 5, PRIME MINISTER BERLUSCONI'S SENIOR
 DIPLOMATIC ADVISOR, GIOVANNI CASTELLANETA, TOLD POLMINCOUNS
 TOM COUNTRYMAN THAT THE APRIL 2-3 BERLUSCONI-PUTIN SUMMIT WAS
 THE MOST SUCCESSFUL RUSSIA-ITALY BILATERAL MEETING EVER HELD.
 PUTIN MADE CLEAR TO BERLUSCONI HIS DESIRE TO ENHANCE AND
 EXPAND UPON THE "SPECIAL PARTNERSHIP" ESTABLISHED BETWEEN THE
 TWO COUNTRIES. NEXT TO GERMANY, ITALY IS RUSSIA'S MAIN
 TRADING PARTNER, AND PUTIN WANTS TO USE GERMANY AND ITALY AS
 HIS MAIN CONNECTION TO AND SUPPORT IN THE EU. AN INDICATION
 OF THE SPECIAL PLACE ITALY HOLDS IN RUSSIA'S FOREIGN
 RELATIONS IS THE FACT THAT BERLUSCONI IS THE FIRST FOREIGN
 LEADER TO BE INVITED TO PUTIN'S DACHA IN SOCHI, WHERE THE
 FIRST DAY'S MEETINGS WERE CONDUCTED. ON APRIL 3 THE SUMMIT
 SHIFTED TO MOSCOW, AND BERLUSCONI WAS JOINED BY THE MINISTERS
 OF FINANCE, INTERIOR, PRODUCTIVE ACTIVITIES, AND CULTURAL
 HERITAGE. THE SECOND DAY WAS CUT SHORT BY THE EMERGENCY EU
- 12. (C) CASTELLANETA TEMPERED BERLUSCONI'S VERY POSITIVE PUBLIC COMMENTS ON RUSSIA'S EVENTUAL MEMBERSHIP IN THE EU AND EVEN NATO BY EMPHASIZING THAT THE PM WAS REFERRING TO THE VERY LONG TERM. BERLUSCONI DOES SEE ROOM FOR QUICKER MOVEMENT IN THE MEDIUM TERM, THROUGH THE ESTABLISHMENT OF A COMMON EUROPEAN ECONOMIC SPACE. THIS WILL BECOME INCREASINGLY IMPORTANT AS THE EU EXPANDS TO INCLUDE POLAND AND THE BALTICS, ENVELOPING KALININGRAD IN THE PROCESS.

NATO-RUSSIA

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 13. (C) ACCORDING TO CASTELLANETA, PUTIN CALLED PRESIDENT
 BUSH DURING BERLUSCONI'S VISIT, AND DISCUSSED HIS DESIRE FOR
 ACCELERATED NATO-RUSSIA NEGOTIATIONS, CULMINATING IN A TREATY
 TO BE SIGNED IN ROME ON MAY 29. THE CHOICE OF DATE WAS BASED
 ON PRESIDENT BUSH'S TRAVEL TO RUSSIA 23-26 MAY, AND PUTIN'S
 REQUIREMENT TO BE IN MOSCOW ON MAY 28 FOR THE RUSSIA-EU
 SUMMIT. FOR THIS TIMING TO WORK, ADDED CASTELLANETA, THE
 DOCUMENT NEEDS TO BE IN FINAL FORM FOR FMS TO APPROVE IN
 REYKJAVIK ON MAY 15.
- 14. (C) CASTELLANETA SAID THAT PUTIN TOLD BERLUSCONI THAT IT WOULD BE IMPOSSIBLE FOR HIM TO GO TO THE NOVEMBER NATO SUMMIT IN PRAGUE "AS THINGS ARE TODAY." CASTELLANETA SAID THAT A NATO-RUSSIA AGREEMENT IN ROME WOULD HELP PUTIN TO JUSTIFY HIS PRESENCE IN PRAGUE. (SEPTEL REPORTS RELATED CONVERSATION BERLUSCONI HAD WITH AMBASSADOR SEMBLER WHEN THE FORMER RETURNED FROM MOSCOW).

MEPP

15. (C) BERLUSCONI AND PUTIN SHARE PRESIDENT BUSH'S POSITION ON THE NEED FOR A MEDIATED PEACE PROCESS IN THE MIDDLE EAST. PUTIN IS AWARE OF THE NEED TO TREAD CAREFULLY AND AVOID PUSHING ISRAEL TO THE WALL, AND WANTS TO FIND THE RIGHT BALANCE BETWEEN THE TWO PARTIES, AS DOES BERLUSCONI.

IRAN/IRAQ

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16. (C) CASTELLANETA SAID THAT BERLUSCONI, AS REQUESTED BY PRESIDENT BUSH (REFTEL), CARRIED THE U.S. MESSAGE OF CONCERN REGARDING WMD, STRESSING THE GOI WAS WORRIED THAT THE TRANSFER OF SENSITIVE TECHNOLOGIES FROM RUSSIA TO IRAN WAS AIDING IRAN'S ATTEMPTS TO BUILD NUCLEAR WEAPONS. BERLUSCONI EMPHASIZED THAT THE GOI HAD INFORMATION (WITHOUT NAMING THE SOURCE) THAT IRAN HAD AN ACTIVE PROGRAM TO DEVELOP BOTH NUCLEAR WEAPONS AND BALLISTIC MISSILES. PUTIN DISMISSED

THESE CONCERNS, ASSURING BERLUSCONI THAT RUSSIA SOLD ONLY CONVENTIONAL WEAPONS TO IRAN, AND SAID THAT THERE WERE STRICT CONTROLS ON ALL DUAL-USE AND NON-CONVENTIONAL TECHNOLOGIES. PUTIN SAID HIS GOVERNMENT WOULD NOT BE FOOLISH ENOUGH TO SELL SUCH CAPABILITIES TO IRAN, WHEN RUSSIA ITSELF COULD BE THE FIRST TARGET.

17. (C) PUTIN EXPRESSED TO BERLUSCONI HIS CONCERN ABOUT THE POSSIBILITY OF A U.S. MILITARY ACTION IN IRAQ, NOTING THAT RUSSIA WANTS TO BE ABLE TO COLLECT ON IRAQ'S HEAVY BILATERAL DEBT. PUTIN STRESSED THE NEED TO USE THE UN TO DEAL WITH IRAO.

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INFO LOG-00 NP-00 ACQ-00 CIAE-00 DS-00 OIGO-00 FBIE-00 VC-00 TEDE-00 INR-00 IO-00 LAB-01 VCE-00 M-00 NSAE-00 PM-00 IRM-00 SSO-00 SS-00 PMB-00 DSCC-00 DRL-02 SAS-00 /003W

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O 051600Z APR 02
FM AMEMBASSY ROME
TO AMEMBASSY MOSCOW IMMEDIATE
SECSTATE WASHDC IMMEDIATE 3127
INFO NATO EU COLLECTIVE PRIORITY
NSC WASHDC PRIORITY
SECDEF WASHDC PRIORITY
JOINT STAFF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 02 OF 02 ROME 001723

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BALKANS

- 18. (C) PUTIN TOLD BERLUSCONI THAT THE CAPABILITY OF RUSSIA TO COOPERATE WITH THE ESDP PROCESS WOULD REMAIN LIMITED CONFIDENTIAL
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 BECAUSE THE INTERNATIONAL COMMUNITY WAS TAKING KOSOVO IN A
 DIRECTION THAT RUSSIA CAN'T ACCEPT. ACCORDING TO PUTIN, THIS
 IS THE MAIN REASON THAT RUSSIA WILL GRADUALLY REDUCE THE
 NUMBER OF ITS TROOPS COMMITTED TO KOSOVO.

AFGHANISTAN

19. (C) PUTIN REITERATED TO BERLUSCONI HIS SUPPORT FOR THE OEF ALLIANCE'S GOALS IN AFGHANISTAN, BUT WOULD NOT COMMIT RUSSIAN TROOPS TO THE EFFORT. HE EXPRESSED CONCERN OVER THE POSSIBILITY THAT, GIVEN THE SOPHISTICATION OF U.S. WEAPONS ALREADY USED IN AFGHANISTAN, THE NEXT STEP WOULD BE THE USE OF TACTICAL NUCLEAR WEAPONS.

WARHEAD REDUCTION

110. (C) PUTIN TOLD BERLUSCONI THAT NUCLEAR WARHEAD REDUCTION TALKS WITH THE U.S. WERE CLOSE TO SUCCESSFUL CONCLUSION. ONE AREA OF CONCERN FOR THE RUSSIANS IS THE U.S. PREFERENCE TO STOCKPILE, RATHER THAN DESTROY, THE EXCESS WARHEADS. PUTIN CITED THE HIGH COST OF STORING WARHEADS, BUT SAID THAT IF THE U.S. INSISTS, THE RUSSIANS WILL GO ALONG.

DEBT

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111. (C) PUTIN TOLD BERLUSCONI THAT HE WELCOMED THE IDEA OF
"TEN PLUS TEN OVER TEN". PUTIN WOULD PREFER, HOWEVER, THAT
THE DENOMINATOR OF THE EQUATION BE REDUCED TO FIVE YEARS.
CASTELLANETA TOLD COUNTRYMAN THAT ITALY SUPPORTS THE IDEA IN
PRINCIPLE, BUT WOULD PREFER A RESTRUCTURING PROGRAM, RATHER
THAN USING NEW MONEY AS PROPOSED BY GERMANY. THE G-8 HAS
TAKEN UP THIS ISSUE. PUTIN ASKED BERLUSCONI TO CONSIDER
DIFFERENT OPTIONS FOR ADDRESSING RUSSIA'S DEBT TO ITALY.

NOTE: RUSSIAN DEBT TO ITALY, APPROXIMATELY 9.2 BILLION, IS SECOND ONLY TO ITS DEBT TO GERMANY. OF THAT AMOUNT, NEARLY USD 7.6 BILLION IS SOVIET-ERA DEBT. SEMBLER

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